



# Multi-Family Tax Exemption Program



Leonard Bauer, Deputy Director  
Community Planning & Development  
[lbauer@ci.olympia.wa.us](mailto:lbauer@ci.olympia.wa.us)



# Multi-Family Tax Exemption Program

## **Tonight's Review:**

1. How MFTE Program Works
2. Review of MFTE Target Areas
3. Affordability Requirements



# Purpose (RCW 84.14)

**Provide added incentives to promote construction of multi-family housing in designated residential target areas. Those areas must:**

- Be within a mixed-use urban center (as determined by the city)
- Lack sufficient available, desirable and convenient housing opportunities
- Be appropriate for the encouragement of construction of new multi-family housing and the rehabilitation of underutilized buildings

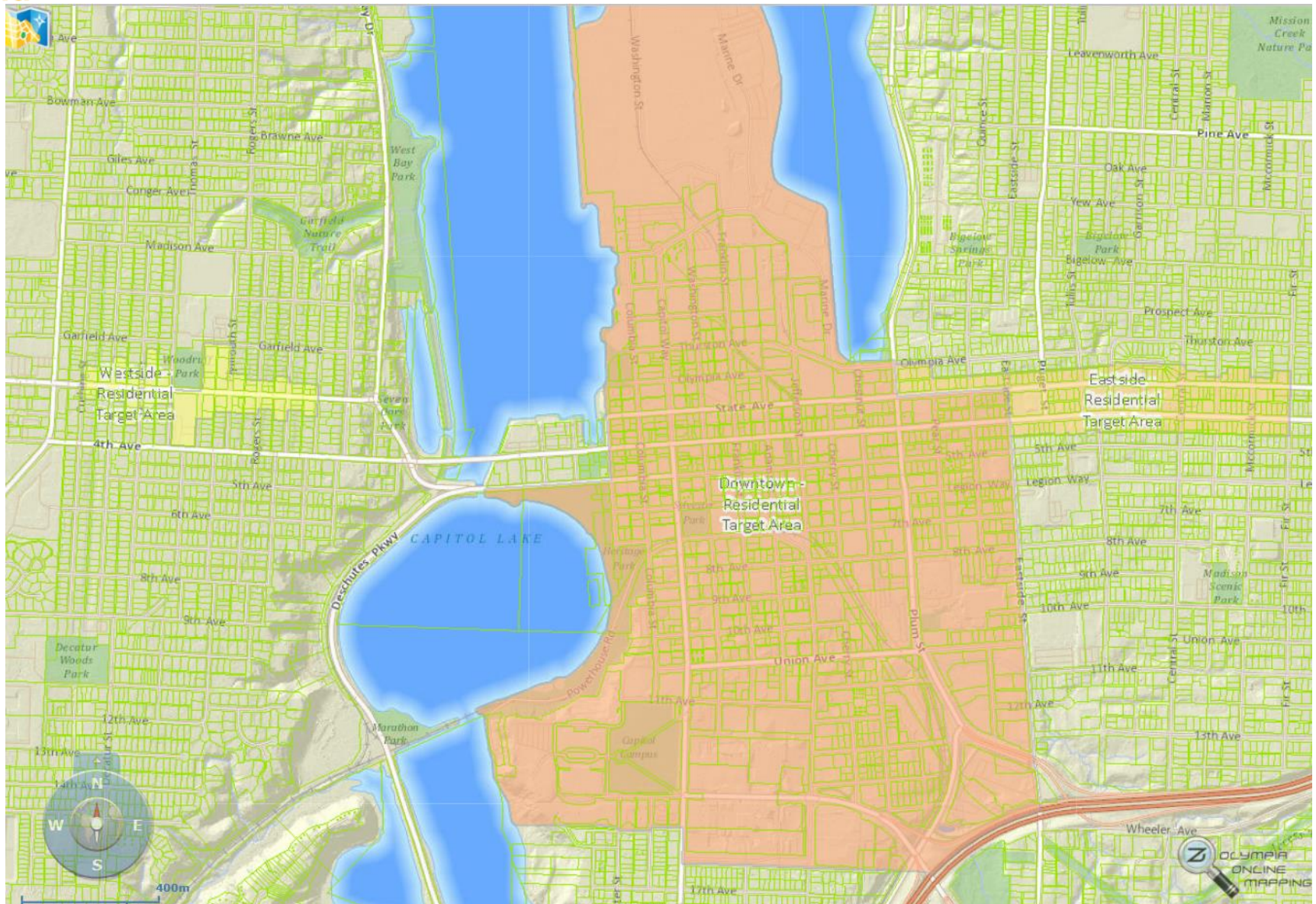


# How It Works (Simplified)

- 1. City Council designates eligible area(s)**
- 2. Proposed construction or rehabilitation projects apply for either 8-year exemption for market-rate projects, or 12-year exemption for affordable housing projects**
- 3. Each project is considered by City Council and, if approved, an agreement is executed between the City and applicant**
- 4. Applicant completes permitting and construction, which must include at least four new or additional residential units without displacing existing residences (+ other criteria listed in staff report)**
- 5. City verifies cost of construction of residential units and that affordability requirements are met (annual report required)**
- 6. County Assessor does not add the residential construction value to ad valorem tax until end of 8- or 12-year period**

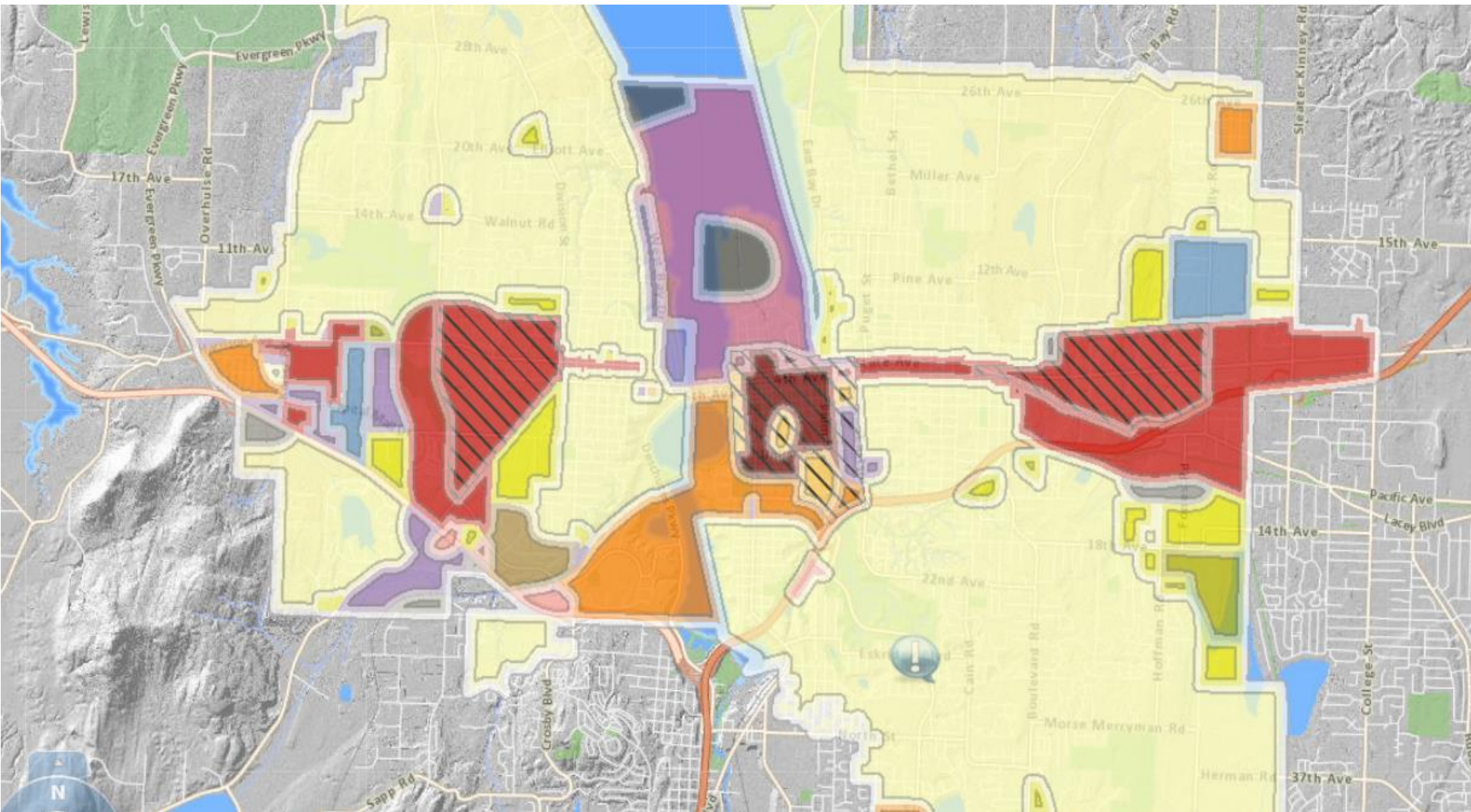


# Current MFTE Areas

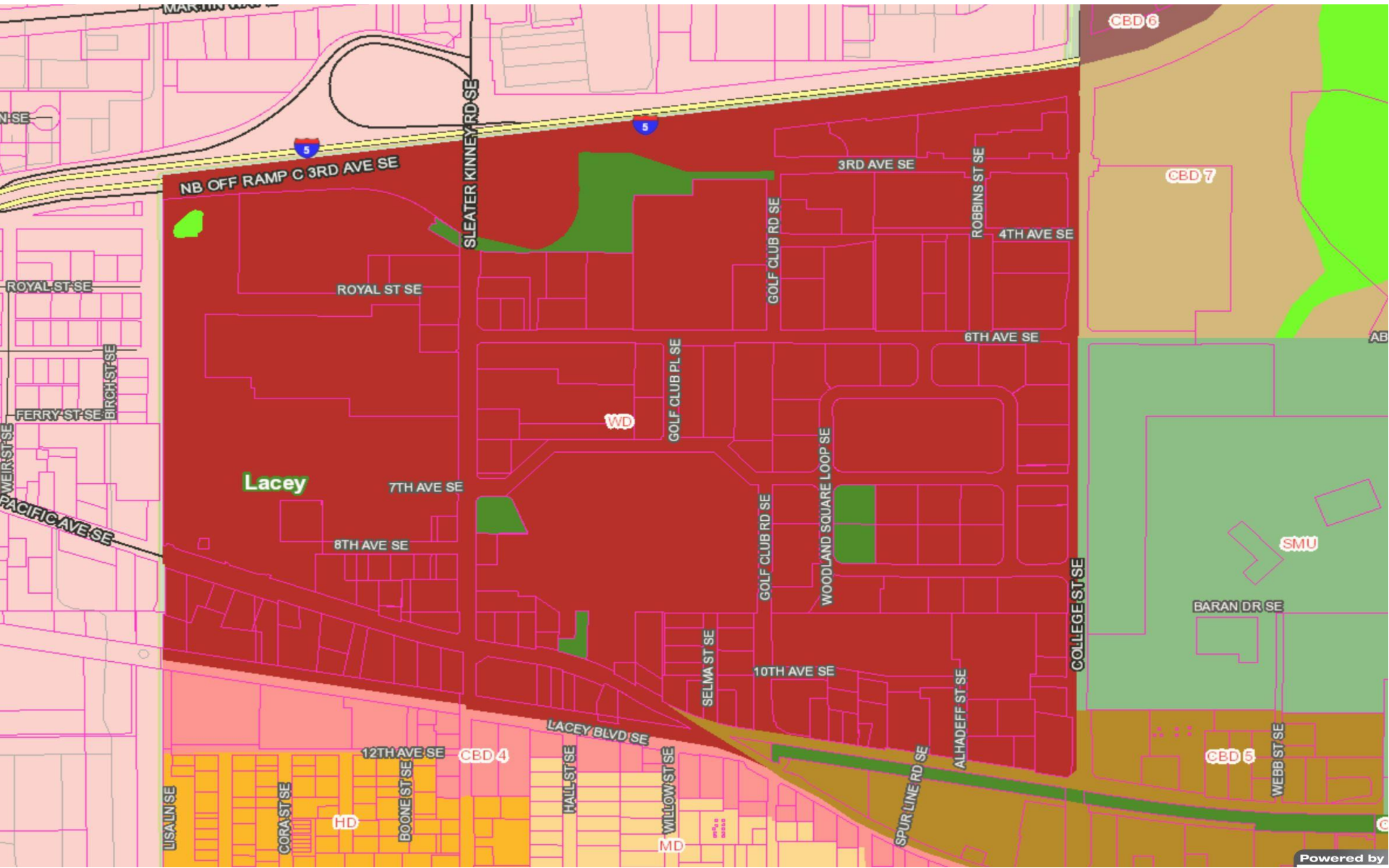




# Potential MFTE Areas

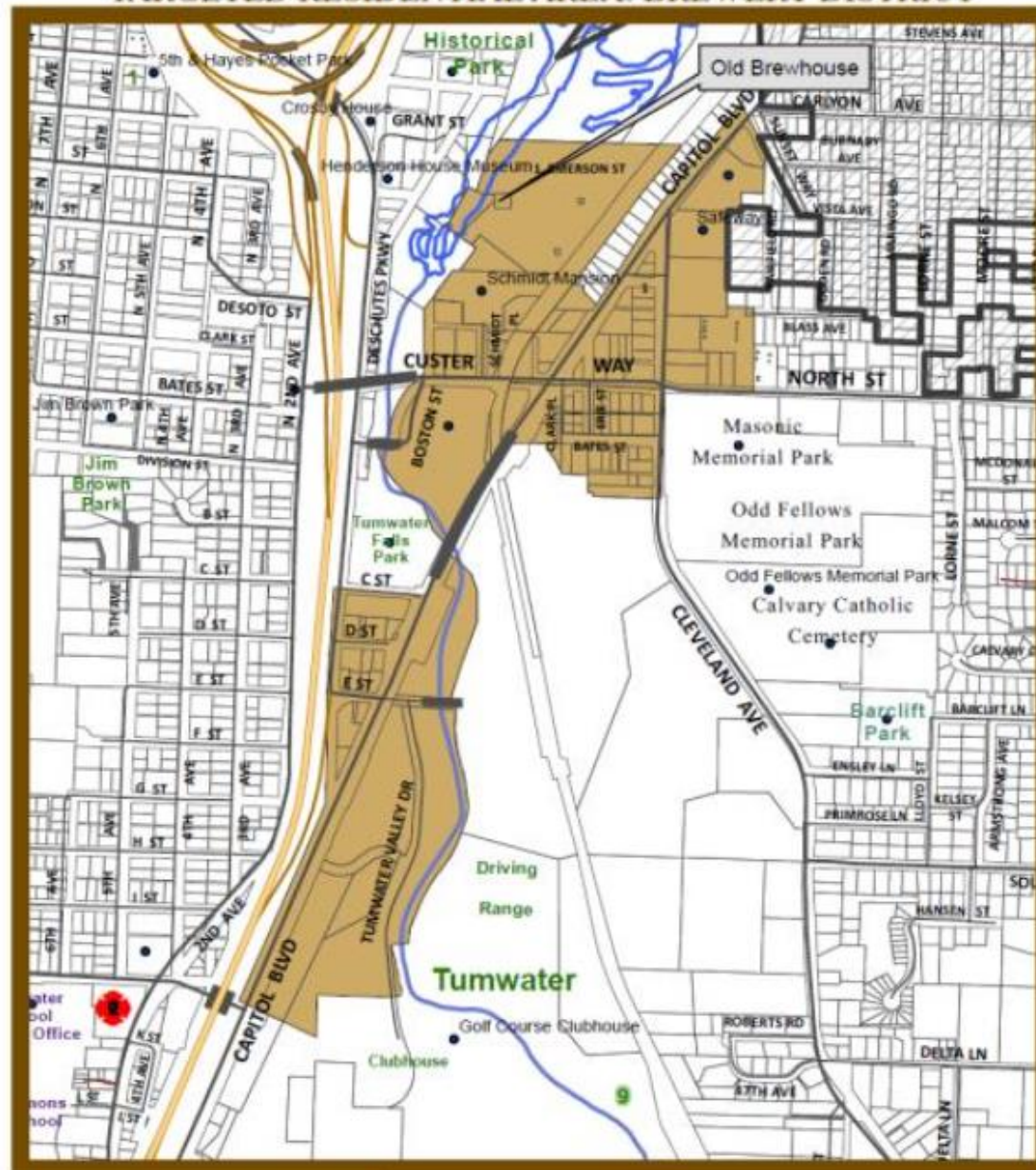


# Lacey MFTE Area





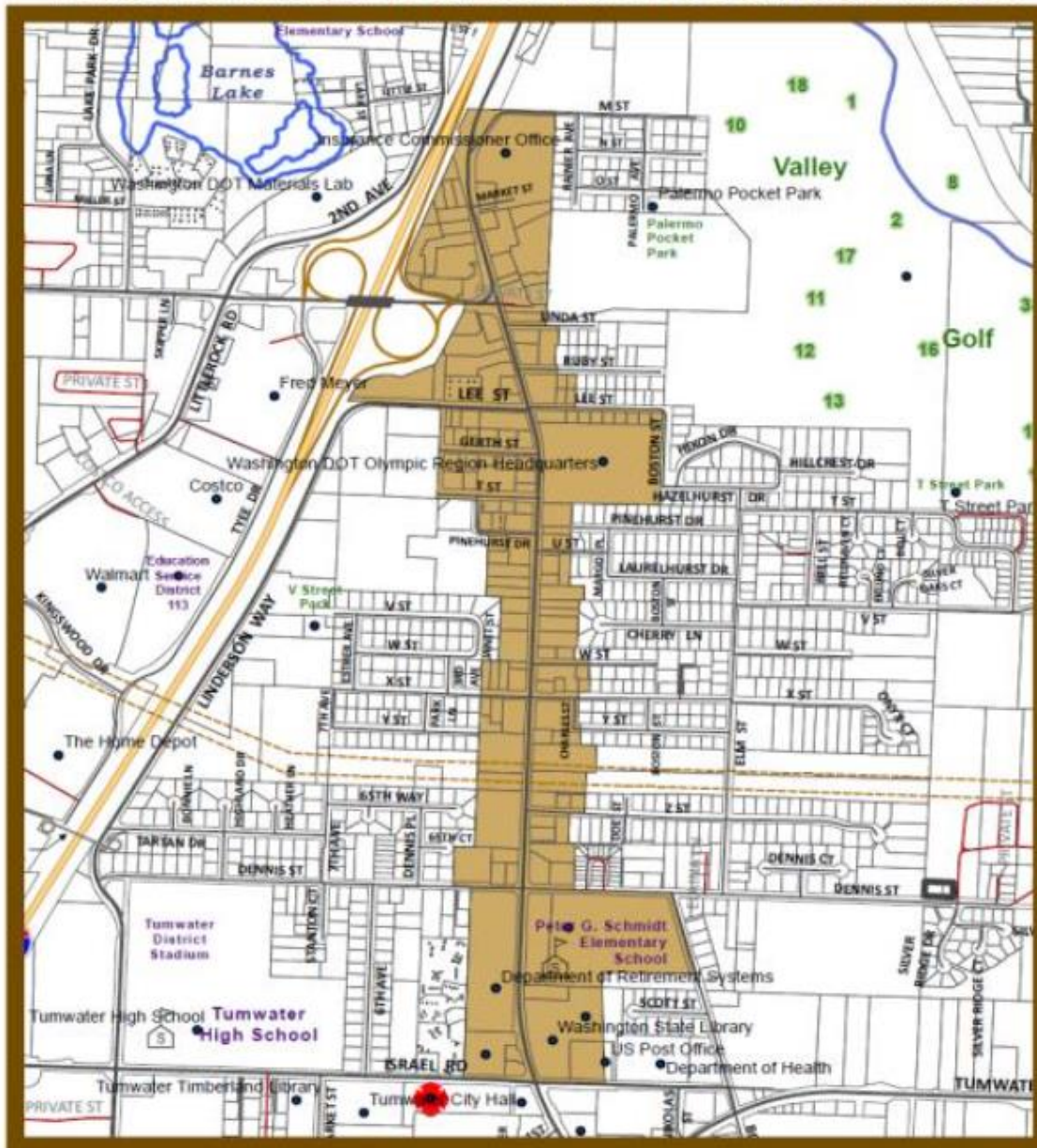
# MULTI-FAMILY TAX EXEMPTION PROGRAM TARGETED RESIDENTIAL AREA: BREWERY DISTRICT



This map last updated: 2/15/2017  
This map was created by the City of Tumwater  
Community Development Department using ArcGIS  
10.3.1



# MULTI-FAMILY TAX EXEMPTION PROGRAM TARGETED RESIDENTIAL AREA: CAPITOL BLVD CORRIDOR



This map last updated: 2/15/2017  
This map was created by the City of Tumwater  
Community Development Department using ArcGIS  
10.3.1.

0 400 800 1,600 Feet



# Current Affordability Definitions

## **Affordable housing units:**

Monthly rent and utilities < 30% of LMI household

## **Low and moderate-income (LMI) household:**

Below 80% and 115%, respectively, of Thurston County area median income (AMI)

## 2017 Thurston County Very Low-Income (60% AMI) Income Limits and Rents

| 1-Person Household |                      | 2-Person Household |                      | 4-Person Household |                      |
|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Annual Income      | Max. Affordable Rent | Annual Income      | Max. Affordable Rent | Annual Income      | Max. Affordable Rent |
| \$32,100           | \$803                | \$36,660           | \$916                | \$46,980           | \$1,175              |

## HUD 2017 Annual Income Levels for Thurston County (60% AMI)

|                               |
|-------------------------------|
| 1-Person Household - \$32,100 |
| 2-Person Household - \$36,660 |
| 3-Person Household - \$41,220 |
| 4-Person Household - \$46,980 |

### Max. Affordable Rent

- 80% AMI: \$1070/1-person HH      \$1222/2-person HH      \$1561/3-person HH
- 100% AMI: \$1471/1-person HH      \$1680/2-person HH      \$2153/3-person HH





# Other Affordability Options

## Seattle (12-year program)

- 20% of project units must be affordable:
  - 65% AMI studio
  - 75% AMI 1-bedroom
  - 85% AMI 2-bedroom
  - 90% AMI 3-bedroom

## Vancouver

- 20% of units @ 100% AMI for 8-year
- 40% of units @ 80% AMI for 10-year
- 60% of units @ 60% AMI for 12-year



# Options Under Consideration

Tacoma (12-year program)

- Current: 20% of units @ 80% AMI
- Proposed: 20% of units at 70% AMI

Everett (12-year program)

- Current: 20% of units @ 80% AMI
- Proposed: 100% of units @:
  - 80% AMI (rentals)
  - 115% AMI (ownership)



# Options Under Consideration

Renton (12-year program)

– Current: 20% of units @:

- 80% AMI (rental)
- 120% AMI (ownership)

– Proposed: 20% of units @:

- 60% AMI (rental)
- 80% AMI (ownership)